# AUDIT COMMITTEE MEETING

**Date: Thursday 30 November 2023**
**Time: 5.00pm**
**Venue: Vice Chancellor's Office / Video Conference**

**Present:**
Andrew Fawcett (Chair)
Chris Ball
Sharon White
Julian Coleman

**In Attendance:**
Garry Westwater (Executive Director of Finance)
Tim Openshaw (Assistant Vice Chancellor, Planning & Student Experience) (UoB)
James Flowers (PwC)
Ben Connor (PwC)
Peter Townsley (Azets)
Julie Flintoff (Azets)
Deborah Bradburn (Clerk)

## 1. SECTION A - BUSINESS MATTERS FOR CONSIDERATION UNLESS INDICATED OTHERWISE

### 1.1 Election of Committee Chair

Members were invited to put forward a nomination and elect a Chair for the Committee.
Mr Andrew Fawcett was nominated.

**RESOLVED:**
Mr Andrew Fawcett be elected Chair of the Committee for the current academic year.

### 1.2 Welcome to Members/Officers

The Chair welcomed members to the meeting, which commenced at 5.03pm.

### 1.3 Apologies for absence

Apologies were received from Farhad Ahmad and Bill Webster.

### 1.4 Declarations of Interest

The Chair reminded everyone present to declare any interests that they may have on matters to be discussed.

There were no declarations of interest.

### 1.5 Request for an item to be unstarred

No requests were made.

### 1.6* Notes of the previous meeting held on 14 June 2023

The notes of the meeting held 14 June 2023 had been previously circulated to Committee Members for consideration.

**Agreed:** that the minutes are approved as a correct record and authorised for publication.

### 1.7 Matters arising from the previous minutes

The Clerk presented the action progress log and it was noted that all items from the previous meeting had been actioned or had been included on the agenda for discussion.

## 2. SECTION B - COLLEGE MATTERS FOR CONSIDERATION UNLESS INDICATED OTHERWISE

### 2.1 Internal Audit Reports

#### (i) ESFA Funding Assurance

PwC presented the ESFA Funding Assurance audit report and the following points were brought to the Committee's attention:

- There was an overall 'low risk' finding with one finding as follows:

  (i) Enrolment documentation - One learner had signed some of the enrolment documentation (Commitment Statement and the Apprenticeship Agreement) after their learning had commenced. The information should have been checked, agreed and signed by all parties prior to the apprenticeship commencing.

- Robust procedures were in place with clear coverage of initial learner assessments and curriculum personalisation that employers were involved in.
- Areas of good practice were identified that could be shared across the Group.

**RESOLVED:**

The Committee noted the internal audit report.

### 2.2 Internal Audit Annual Report 2022/23

PwC presented the Internal Audit Annual Report with the following points highlighted:

- The general ledger controls review had been identified as 'medium risk' with the recommendations made being progressed.

- The schedule of planned internal review activity of forty days was consistent with previous years.
- Stakeholder engagement at the College was seen as a strength and identified as such in the audit report.

**RESOLVED:**

The Committee noted the 2022/23 Internal Audit Annual Report.

**2.3 Outstanding Audit Recommendations: Monitoring Schedule**

The Executive Director of Finance presented the monitoring schedule, highlighting the following points:

- There were seven 'live' recommendations to be actioned with three 'partially completed' or the risk accepted following the review recommendations.

The procurement audit review would be carried forward and following ONS reclassification, a review of the College financial regulations would be undertaken on provision of the financial handbook scheduled to be provided in Spring 2024.

**RESOLVED:**

The Committee reviewed and noted the outstanding audit recommendations report.

**ACTION:**

Timescales for the completion of outstanding audit recommendations to be included in the report.

**2.4 Financial Statements 2022/23 and Regularity Audit**

**(i) Financial Statements 2022/23**

The Executive Director of Finance and external auditors presented the statements, and the following points were highlighted:

- The accounts were presented in the standard format with additional disclosures post ONS reclassification.
- The Ofsted statement would be updated following the inspection visit.
- The College had a £864k deficit compared to a £1.7million deficit as at 31 July 2022. £600k of the deficit in the last academic year was due to the impact of utilities costs.
- A waiver of the bank covenants had been requested.
- Cash and cash equivalents had decreased from £6.2 million to £4.7 million that had been forecast with no contingent liabilities.
- The College had an unqualified audit opinion from the external auditors.

It was noted that the College had not agreed with how the recording of assets was to be treated. A lengthy discussion was had in relation to the international reporting standards related to the reporting of assets and accounting practices.

**Governor Questions:**

Have utilities prices softened?

£400k utilities costs had increased to £1.6 million and were now at £0.75 million with the savings contributing towards the staff pay award.

**RESOLVED:**

The Committee noted and agreed the financial statements for 2022/23 for recommendation to the Board following further amendment.

**ACTION:**

Clerk / Board Agenda

**(ii) Audit Findings Report for Year ended 31 July 2023**

Azets presented the report, and the following points were brought to the Committee's attention:

- The financial statements reflected that the College was financially resilient and would be issued with an unqualified opinion.
- The quality of engagement with the College was excellent and the audit team were presented with a good set of financial statements and detailed information on request.
- The College was a 'going concern' and had met all covenant requirements.
- Technical adjustments and minor disclosures were updated on the financial statements.
- The financing controls systems were reviewed with no weaknesses found in the internal controls.
- The journals processed were related to the pension scheme with some technical adjustments made to the revaluation.

**Governor Questions:**

There has been very little advice on pensions, when the advice eventually comes through will it leave the College at risk?

It could take three years to resolve this issue. There is difficulty in achieving an asset ceiling that could change each year and the matter has not been made easy or transparent to understand.

**(iii) Letter of Representation 2022-23**

The letter of representation that was required by the OfS and ESFA was presented.

**RESOLVED:**

The Committee noted the Letter of Representation for 2022/23 for recommendation to the Board.

**ACTION:**

Clerk / Board Agenda

**(iv) Regulatory Self-Assessment Questionnaire 2022-23**

The Committee reviewed the self-assessment questionnaire, and it was noted that all sections had been appropriately completed with any issues highlighted. The questionnaire made reference to the ONS reclassification and 'Managing Public Money' guidance with additional sections included.

**RESOLVED:**

Members noted the contents of the Regulatory Self-Assessment Questionnaire for recommendation to the Board.

**ACTION:**

Clerk / Board Agenda

**2.5 Audit Committee Annual Report 2022-23**

The Executive Director of Finance presented the annual report noting that on the evidence of the audit reports received, the assurances provided, and the work undertaken by College management in addressing outstanding issues, the draft report stated that the Audit Committee could conclude that, in light of the unqualified report from the audit service providers, the systems of control in operation at the College were adequate and provided a high level of assurance.

**RESOLVED:**

The Committee agreed that the report be submitted to the Board for consideration.

**ACTION:**

Clerk / Board Agenda

**2.6 Risk Management Annual Report 2022-23**

The risk management annual report that summarised the College's approach to risk and risk management was presented and discussed. The 'lockdown' drills were to be refreshed following Martyn's Law that aimed to improve protective security and organisational preparedness.

**RESOLVED:**

The Committee agreed that the report be submitted to the Board for consideration.

**ACTION:**

Clerk / Board Agenda

**2.7 Risk Management / Risk Register**

Tim Openshaw presented the report, and the following points were highlighted:

- The risk management annual report summarised the College's approach to risk with a number of updates made to keep the risk register topical.
- Recruitment to T Levels that affected several risks continued to prove difficult. The announcement of the Advanced British Standard would also be a challenge to T Level recruitment.
- Learner volumes continued to place pressure on estate capacity, although the capital build was due to progress following the successful Wave 5 bid.
- The financial risk remained high with ongoing cost pressures.
- A new University Group subsidiary had become operational to improve agency candidate quality, reduce costs and ensure coordination between sessional and employed staffing.

The Committee noted the inclusion of the recently secured capital bid and identification of it within the risk register related to project timing and budget.

**RESOLVED:**

The Committee noted the update to the Risk Management / Risk Register and that it was an accurate reflection of the current and emerging issues and risks.

## 3. SECTION C - UNIVERSITY GROUP MATTERS FOR CONSIDERATION UNLESS INDICATED OTHERWISE

None.

## 4. SECTION D - ANY OTHER BUSINESS

### 4.1 Policy / Funding Rules / Conditions of Grant Changes

This was a standing item on the agenda to discuss noteworthy matters. The following was noted:

- The College ESFA rating had been assessed as 'Good' for the next financial year.
- Following ONS reclassification there was concern in relation to the financial year end with growing confidence that the sector would retain a 31 July financial year end, rather than 31 March. However, there would be a number of matters that would need to addressed at 31 March.

**RESOLVED:**

The Committee noted the update provided.

### 4.2 Meeting Evaluation

Committee Members noted that there was clear reporting and that the requirements of the Committee were met. The internal and external auditors had commended the College on the accuracy, transparency and speed of information provided that gave the Committee the assurance it required.

## 5. SECTION E - FUTURE MEETINGS

Thursday 21 March 2024 at 5.00pm

There being no further business to discuss, the meeting closed at 5.56pm

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| **Chair's Signature:** |
| **Date:** 21 March 2024 |